

Social Capital

References

Smith, M. K. (2007) 'Social capital', *the encyclopaedia of informal education*, www.infed.org/biblio/social_capital.htm

Why we are interested

- 'Social capital' has also been picked up by the World Bank as a useful organizing idea. They argue that 'increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable' (The World Bank 1999).
- For John Field (2003: 1-2 the central thesis of social capital theory is that 'relationships matter'. The central idea is that 'social networks are a valuable asset'.

Why Important

Robert Putnam (2000) *Bowling Alone: The collapse and revival of American community*, New York: Simon and Schuster. 288-290

- First, social capital allows citizens to resolve collective problems more easily...
- Second, social capital greases the wheels that allow communities to advance smoothly.
- A third way in which social capital improves our lot is by widening our awareness of the many ways in which our fates are linked. People who have active and trusting connections to others whether family members, friends, or fellow bowlers – develop or maintain character traits that are good for the rest of society.
- The networks that constitute social capital also serve as conduits for the flow of helpful information that facilitates achieving our goals.... Social capital also operates through psychological and biological processes to improve individual's lives

Social capital in organizations

- Better knowledge sharing, due to established trust relationships, common frames of reference, and shared goals.
- Lower transaction costs, due to a high level of trust and a cooperative spirit (both within the organization and between the organization and its customers and partners).
- Low turnover rates, reducing severance costs and hiring and training expenses, avoiding discontinuities associated with frequent personnel changes, and maintaining valuable organizational knowledge.
- Greater coherence of action due to organizational stability and shared understanding. (Cohen and Prusak 2001: 10)

Definitions

- **Bourdieu:** 'Social capital is the 'the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition' (Bourdieu 1983: 249).

Definitions

- **Coleman:** 'Social capital is defined by its function. It is not a single entity, but a variety of different entities, having two characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure' (Coleman 1994: 302).

Definitions

- **Putnam:** 'Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called "civic virtue." The difference is that "social capital" calls attention to the fact that civic virtue is most powerful when embedded in a sense network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital' Putnam 2000: 19).

Definitions

- **The World Bank:** 'Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions... Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together' (The World Bank 1999).

Take a look

- <http://www.statistics.gov.uk/CCI/nugget.asp?ID=314>
- http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/27/fe/34.pdf

In New Zealand

Research and Analytical report 2001 #14 Framework for the Measurement of Social Capital in NZ

- Can the formation and maintenance of social capital enhance the productive capacity of New Zealand industries, especially at a regional level (eg business clusters)?
- Are high levels of social capital associated with high educational achievement?
- What is the impact of social capital on individuals' health status and their associated need to use publicly-funded health services?
- To what extent does the existence or absence of social capital in a community affect criminal activity in the area?
- Does social capital impact on the effectiveness of the justice system?
- Does social capital improve the performance of a community in responding to a local emergency or disaster?
- How important is social capital in building a socially cohesive New Zealand?
- What is the connection between social capital and race relations?
- What builds social capital and what destroys it?
- Should territorial authorities be interested in fostering social capital in their areas and, if so, what can they do to increase investment?

Definition

Social capital is a resource that exists because of, and arises out of, these relationships. For the purposes of developing a measurement framework for New Zealand, we defined social capital as *"relationships among actors (individuals, groups, and/or organisations) that create a capacity to act for mutual benefit or a common purpose"*.

How Used

- **Processing information** People need more than access to information (eg connections to the Internet, TV news, public libraries, newsletters, etc). What is needed is the opportunity for people to have dialogue with others about issues so that they can turn this flow of information into understanding.
- **Assessing risks and opportunities** Social capital networks give the opportunity to assess the reputation of a person or an agency - their credentials, their past achievements and whether they can be trusted and depended on. Social capital gives the opportunity to assess the risk involved in taking a particular course of action.
- **"Checking out" situations, individuals and agencies** This process of communication provides an opportunity to "check out" people's mandate (ie who and which interests they represent). People need knowledge to fully understand the political, social and economic choices available to them.

Coleman (1994)

- Norms and effective sanctions
 - Obligation and expectations
- Intentional organisation
 - Authority relations
- Intentional organisation
 - Appropriable social organisation
 - Information potential

International Attempts to Measure SC

- **Levels of giving** This topic reflects people's propensity to give to others when they themselves will not directly benefit.
- **Participation and engagement** These indicators gauge people's involvement in a range of groups and associations, both formal and informal. This includes networks and everyday social interactions, as well as measures of a wider involvement and interest in society's operation.
- **Reciprocity within the community** This area measures the extent to which people can rely on their community to help in times of need.
- **Generalised trust** This topic assesses the trust that people have in other individuals and groups, and how safe they feel in their everyday lives.
- **Trust towards public officials and institutions** These indicators measure whether people feel confident in the institutions of society.
- **Norms** These cover the rules, beliefs, mores and habits which regulate behaviour.
- **Attitudinal variables important to social capital** These include individuals' beliefs about themselves and their tolerance of others, levels of acceptance, motivations, sense of connection, fears, etc.
- **Confidence in the continuation of social and political relationships** These indicators measure people's confidence in the future.

NZ Measurement

- Behaviours (what people do)
- Attitudes and values (what people feel)
- Population groups (what people are)

Why Important

■ Task

Using each of these criteria p17 – why is the measurement of social capital important for HR in New Zealand?

Figure 1
Framework for the measurement of social capital in New Zealand



International comparisons

- Take a look at the appendix and evaluate why this may be gaining momentum internationally
- Are there any possible links with measuring social capital and
 - emotional intelligence
 - Happiness
 - Corporate social responsibility
 - Developing an enriched work-life balance
 - Developing an enriched job description
